

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1114 - SB 1240

March 15, 2015

SUMMARY OF BILL: Authorizes the State Treasurer, if requested, to invest money in the custody of any officer or officers of the state which are otherwise required to be invested pursuant to the pooled investment fund and the intermediate-term investment fund. Directs the monies be invested in bonds, notes, treasury bills, or any other obligations guaranteed as principal and interest by the United States or any of its agencies. Requires that no investments be pooled and that each investor bear the capital gains, income, and losses for that investor's investment. Requires the State Treasurer to keep a separate account for each investor recording individual transactions and totals of all investments and to report monthly to each investor. The State Treasurer is required to establish a revolving account to defray costs and any other expenses associated with the investments. The State Treasurer is authorized to deduct an administrative fee from each investor's earnings that is to be deposited and expended through the revolving account. The investor may withdraw investments at any time and requires any liquidation of investments prior to reaching maturity be approved by the State Treasurer. Authorizes money to be invested on behalf of the Wildlife Management Endowment Fund. Adds the intermediate-term Investment Fund and the investment option as permitted investments for the Watchable Wildlife Endowment Fund.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- According to the information received from the Department of Treasury, the cost of administering and managing the investments will be paid by the state agency electing to participate through an administrative fee. While an exact administrative fee amount is unknown, the net fiscal impact to the Department of Treasury is estimated to be not significant.
- The provisions of the bill only apply to funds that are otherwise required to be invested. Any department or agency that requests the State Treasurer to administer and manage the investments, may incur a decrease in expenditures for no longer managing required investments. Any decrease in expenditures will be offset by the administrative fee paid to the Department of Treasury; therefore, the net impact is estimated to be not significant.
- There could be a change in the invested fund amounts depending on the difference between the current investments and the bonds, notes, treasury bills, or other obligations authorized by the bill. While an exact impact is unknown, it is assumed that a

department or agency will only decide to request the State Treasurer to manage an investment if the potential return on the investment is at least equal to the current return on investment; therefore, it is estimated to not have a significant fiscal impact in the short-term on the invested state funds.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

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